

NGEN Operations Board

NGEN Operations Board Action Item 23-002

Date: October 19, 2023

Presented by: Alex Zheng **On behalf of:** County of Monterey ITD

Request: Approve and recommend the NGEN Executive Board approve a recurring NGEN Capital Fee of \$850,981 starting FY2024-25, which will be used to fund the NGEN operating reserves and asset replacement reserves, for future capital projects.

Summary/Discussion:

Neighboring radio agencies such as EBRCSA and SVRIA all have operating reserves and asset replacement reserves built into their annual fiscal plan. EBRCSA dedicates about 50% of their annual budget to fund their capital account and reserves. SVRIA sets aside 10% of their overall budget to fund the reserves and will likely increase to 50% in the coming years.

NGEN maintains one Capital Fund (Fund 405) as part of its operational and long-term fiscal plan. However, there has been no recurring collection into the Capital Fund since the inception of the NGEN project more than ten years ago. A debt service collection to pay off the loan to fund the buildout of the system has been charged annually with the final debt service collection ending in FY2023-24.

NGEN system was introduced about ten years ago and is aged. Some parts of the system already reached end of life and end of support and must be upgraded or replaced. In addition, NGEN system has coverage issues in certain areas that must be addressed. Operating reserves and asset replacement reserves must be set up to sustain the system so that first responders do not suffer from unplanned systems outages or poor radio coverage. County staff has identified a list of major capital projects over the next ten years in Exhibit A.

NGEN debt service was introduced in year FY2009-10, with an annual payment of \$850,981 per year. The debt service ends in FY2023-24. County staff recommends that starting FY2024-25, a recurring NGEN Capital fee of \$850,981 be collected, which will be used to fund the NGEN operating reserves and asset replacement reserves, for future capital projects. With the proposed Capital fee setup, NGEN's per radio cost (including spare radios) is about \$45.08 monthly and is comparable to other regional radio systems such as EBRCSA.

Staff Recommendation:

County staff recommends that starting FY2024-25, a NGEN Capital Fee of \$850,981 be collected with the plan to continue this fee annually. Cost allocation to member agencies will follow the NGEN Capital Fee cost-sharing formula in the NGEN Services Agreement.

Fiscal Impact: Funding the NGEN Capital Fund (Fund 405) will benefit NGEN fiscal health and make the system more sustainable.

Effect(s) of Failure to Approve Request and/or caveats: NGEN system is aged, and some parts of the system already reached end of life and end of support and need to be upgraded or replaced. In addition, NGEN system has coverage issues in certain areas that must be addressed. Capital fund must be set up to sustain the system so that first responders do not suffer from unplanned systems outages or poor radio coverage.

_____ **Operations Board Action** _____

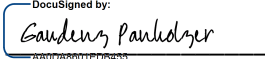
Modification to requested action: Yes X No ____

Each CIP project will be subject to board approval.

Vote Date 10/19/2023

Motion by Dave Hober 2nd Sam Klemek Approved: Yeas X Nays ____

This action item was unanimously approved and supported by the board.

/s/ Chair  _____
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Yeas: Unanimous

Nays:

Exhibit A. Proposed NGEN Capital Projects

Fiscal Year	Project	Estimated Cost
FY 24-25	NGEN radio coverage improvement using Motorola SmartConnect and broadband	\$2.64 million (on-prem core)
FY 25-26	NGEN radio system core upgrade	\$1.71 million
FY 26-28	NGEN analog overlay site equipment upgrade	\$1 million
FY 28-34	NGEN system expansion into areas where radio coverage is insufficient which include North Salinas, Prunedale, Arroyo Seco/Carmel Valley Road, Green Bridge, San Ardo oil field, and Bitter Water Road/Highway 25 intersection.	\$3 million